

Loan Participation Program - Frequently Asked Questions

1) WHAT ACTIVITIES WILL THE LPP FINANCE?

The program may only be used for new purchases, including agricultural land, depreciable machinery or equipment, breeding livestock and buildings; or to improve existing buildings or farmland. The LPP may NOT be used to refinance existing debt.

2) WHAT IS THE RISK TO THE LENDER?

The lender's risk is reduced because the program enables the IADD to provide a "last-in/last-out" loan participation for the financial institution.

3) CAN I PARTICIPATE IN BOTH THE BFLP AND LPP PROGRAMS?

Yes, farmers who meet the qualifications for both the Loan Participation Program and the IADD Beginning Farmer Loan Program can participate in both programs simultaneously. It is NOT a requirement to qualify for the Beginning Farmer Loan Program in order to obtain Loan Participation.

4) WHAT IS THE INTEREST RATE ON LPP LOANS?

Effective October 1, 2013, the interest rate will be 1.0% over the FSA Direct Farm Ownership Down Payment Loan Program (which is currently 1.5%) fixed for the first five years, then re-adjusted to the same index and fixed for the final five years.

5) WHAT IS THE MAXIMUM LOAN AMOUNT?

Maximum participation amount is the lesser of:
Thirty percent (30%) of the purchase price; or \$150,000.